

NETZER & ASSOCIATES

Real Estate Appraisal & Consulting

October 9, 2006

File No. 26-019

Ms. Evelyn Tseng
Revenue Division
City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 92663

Re: Appraisal Services
Commercial Tidelands – Newport Harbor
Newport Beach, California

Dear Ms. Tseng:

In accordance with your request and authorization, I have undertaken the investigations and analyses necessary to estimate the market value, fee simple interest, in the above referenced real property, which is the subject of this report. James B. Netzer conducted inspections of the subject properties in August and September 2006.

Based upon the work undertaken and my experience as a real estate analyst and appraiser, I have formed the opinion, as of the 30th day of September 2006, subject to the Assumptions and Limiting Conditions contained in this report, that the subject has the following market values:

SECTION A

Current Fair Market Rent for the Fuel Docks is 5.0-Percent of Gross Sales.

SECTION B

Current Fair Market Rent for the Balboa Island Ferry is 6.0-percent of gross sales.

Current Fair Market Rent for the Newport Bait Barge is 4.5-percent of gross sales.